

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section of the County's annual financial report provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2002. We hope that the information presented here, in conjunction with the Letter of Transmittal, provides you with a clearer picture of the County's overall financial status. Comparative financial data is not required in the first year of implementing the new financial reporting model, Governmental Accounting Standards Board (GASB) Statement No. 34 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," ("GASB 34") and subsequent related GASB statements. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented. Unless otherwise indicated, all amounts in this section are expressed in thousands of dollars.

### **FINANCIAL HIGHLIGHTS**

- General purpose revenues were \$47,320, or 13% over budget due mainly to motor vehicle license fees, Teeter net surplus revenues, miscellaneous revenues, secured property taxes and property transfer taxes, received in excess of budgeted amounts. General Fund level departmental revenues ended the year 7% below budget.
- Special program revenues including Trial Court Funding and Health and Welfare Realignment ended the year above budget (5% and 12% respectively). Public Safety Sales Tax revenue ended the year 9% below budget.
- General Fund departmental expenditures ended the year 9.5% below budget.
- At June 30, 2002, unreserved fund balances in the General Fund were \$155,255, or 8.2% of total FY 2001-02 expenditures of \$1,888,977.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements presented in the County's CAFR have been divided into three different sections:

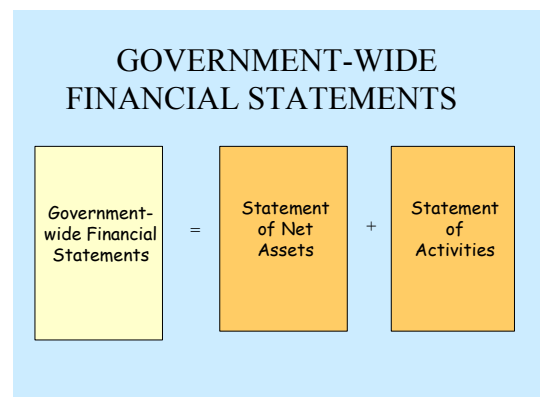
- Government-wide Financial Statements
- Fund Financial Statements,
- Notes to the Basic Financial Statements

In addition to these basic financial statements, other supplemental information has been included in this report:

- Combining Statements for Nonmajor Governmental Funds, Internal Service Funds, and Fiduciary Funds
- Statistical Section

### **Government-wide Financial Statements**

The government-wide financial statements consist of the following two financial statements: the Statement of Net Assets and the Statement of Activities. Both of these statements were prepared using accounting methods similar to those used by private-sector companies, the economic resources measurement focus and the accrual basis of accounting. The **Statement of Net Assets** provides information regarding all of the County's assets and liabilities, with the difference between the two reported as net assets. The **Statement of Activities**, on the other



hand, provides information on how the government's net assets changed during the fiscal year regardless of the period when the related cash or cash equivalent is received or paid. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities distinguish functions of the County that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include (1) general government, (2) public protection, (3) public ways and facilities, (4) health and sanitation, (5) public assistance, (6) education, and (7) recreation and cultural services. The business-type activities of the County include airport and waste management.

The government-wide financial statements also provide information regarding the County's component units, entities for which the County (the primary government) is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the County's operations, and therefore, data from these component units are combined with data of the primary government. Financial information for the Orange County Children and Families Commission, a discretely presented component unit, is reported separately from the financial information presented for the primary government itself.

## Fund Financial Statements

- Provide information regarding the three major categories of all County funds: *governmental, proprietary, and fiduciary*
- Focus is on **major funds**.
- **Fund** - a separate accounting entity with a self-balancing set of accounts.

The fund financial statements provide information regarding the three major categories of all County funds: governmental, proprietary, and fiduciary. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in GASB Statement No. 34. Like other state and local governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**Governmental funds** - Governmental funds include most of the County's basic services and are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the **current financial resources measurement focus** and **modified accrual basis of accounting**.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are prepared for both the governmental funds' Balance Sheet and the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to facilitate comparisons between governmental funds and governmental activities.

In FY 2001-02, a decrease was reported in the net assets of governmental activities, while an increase was reported in the fund balances of governmental funds in the fund financial statements. This difference is due to the receipt of significant bond proceeds this fiscal year and the reporting of certain expenses in the Statement of Activities that do not require the use of current financial resources and therefore were not reported as expenditures in the governmental funds. Refer to the "Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities" for additional details on the factors contributing to this difference.

The County maintains several individual governmental funds organized according to their type (General Fund, Special Revenue, Debt Service, Capital Projects and Permanent Fund). Information is presented separately in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is always a required major fund, and all other major funds. Information for nonmajor funds is presented in the aggregate in these statements. Individual fund data for each of the nonmajor governmental funds is presented in the Supplemental Information section.

Also included in the fund financial statements are the budgetary comparison statements, which present the County's annual appropriated budget for the General Fund and the major Special Revenue Funds. These budgetary comparison statements have been provided to demonstrate compliance with the budget. Budgetary comparison schedules for the other funds are presented by fund type (Special Revenue, Debt Service, Capital Projects, and Permanent Fund) in the Supplemental Information section of this report.

**Proprietary funds** - The County maintains two different types of proprietary funds: Enterprise Funds and Internal Service Funds. **Enterprise Funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Airport and Waste Management operations. **Internal Service Funds** are used to accumulate and allocate costs internally among the County's various functions such as insurance benefits and the purchase and maintenance of its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport and Waste Management operations which are both considered to be major funds of the County. Conversely, the Internal Service Funds are combined into a single, aggregated presentation in the proprietary funds financial statements with the individual fund data provided in combining statements, which can be found in the Supplemental Information section of this report.

**Fiduciary funds** - Fiduciary funds include the **Trust** and **Agency** funds and are used to account for assets held on behalf of outside parties, including other governments. Financial information for fiduciary funds is not reported in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The combining statements for fiduciary funds are included in the Supplemental Information section of this report.

## **Notes to the Basic Financial Statements**

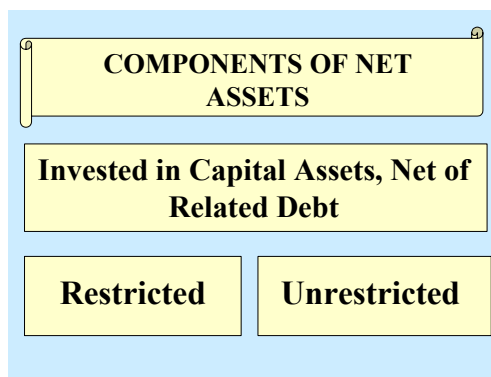
The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. To find a specific note, refer to the Table of Contents.

## **Supplemental Information**

The Supplemental Information section of this report contains the combining statements as well as the statistical section. This section is presented to provide additional information that is useful to users of these financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2002, the County's combined net assets totaled \$2,689,540. The largest component of the County's net assets (72%) was **invested in capital assets, less any related outstanding debt** used to acquire those assets. Capital assets include land, buildings, machinery, equipment, and infrastructure which are used to provide needed services to the citizens of the County. Since the capital assets themselves cannot be used to liquidate the associated debt, the resources needed to repay the debt must be provided from other sources.



An additional component of the County's net assets is **restricted**. This means that these resources are subject to external restrictions on how they may be used. External restrictions include those imposed by grantors, contributors, laws/regulations of other governments, or restrictions imposed by law through constitutional provisions or legislation, including those passed by the County itself. In FY 2001-02, the County's restricted net assets were \$1,108,649.

The final component of net assets is **unrestricted net assets**. Unrestricted net assets are resources that the County may use to meet its ongoing obligations to citizens and creditors. The deficit balance shown for unrestricted net assets was primarily caused by the County's election to settle bankruptcy-related debt according to the Modified Second Amended Plan of Adjustment, and is not a reflection of the County's lack of resources to meet its ongoing obligations to the citizens and creditors. Refer to Note 10, Long-Term Obligations, for more details of this Plan.

The following table provides summarized data from the Statement of Net Assets:

COUNTY OF ORANGE NET ASSETS (In Thousands)			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 2,443,477	\$ 515,615	\$ 2,959,092
Capital assets	1,802,389	463,252	2,265,641
<b>Total assets</b>	<b>4,245,866</b>	<b>978,867</b>	<b>5,224,733</b>
Long-term liabilities	1,686,430	400,663	2,087,093
Other liabilities	393,297	54,803	448,100
<b>Total liabilities</b>	<b>2,079,727</b>	<b>455,466</b>	<b>2,535,193</b>
Net assets			
Invested in capital assets, net of related debt	1,703,213	240,969	1,944,182
Restricted	826,217	282,432	1,108,649
Unrestricted	(363,291)	--	(363,291)
<b>Total net assets</b>	<b>\$ 2,166,139</b>	<b>\$ 523,401</b>	<b>\$ 2,689,540</b>

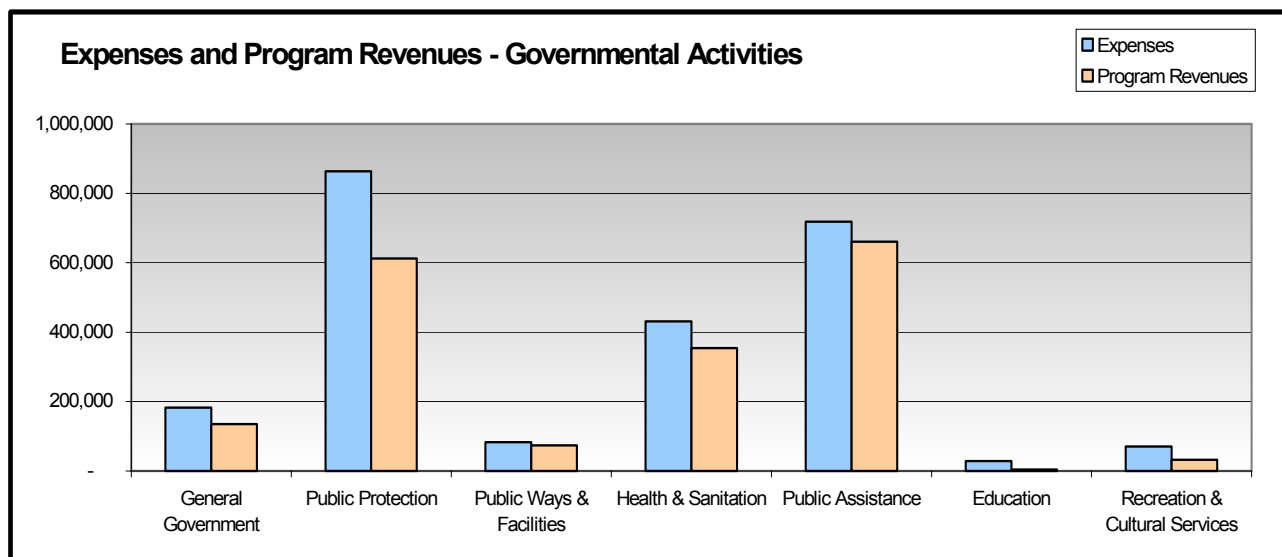
### Governmental Activities

**Revenues:** The County's governmental activities rely on several sources of revenue to finance ongoing operations. Operating Grants and Contributions comprised the largest revenue source for the County followed by Charges for Services. Operating Grants and Contributions are monies received from parties outside the County and are generally restricted to one or more specific programs. Examples of Operating Grants and Contributions include State and Federal revenues for public assistance programs and for

health administration and health care programs. Charges for Services are revenues that arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Examples of the types of services that fall under this category include engineering services provided to cities under contract, park and recreation fees, and law enforcement services provided to governmental agencies under contract. At the end of FY 2001-02, total revenues for the governmental activities including transfers from the business-type activities were \$2,508,029.

**Expenses:** Total expenses for governmental activities were \$2,502,381. The majority of these expenses were spent for Public Protection and Public Assistance. Of the total expenses, only \$631,422, or 25%, were ultimately financed by taxes and other general revenues.

The following chart shows expenses by function and the associated program revenues for the governmental activities.

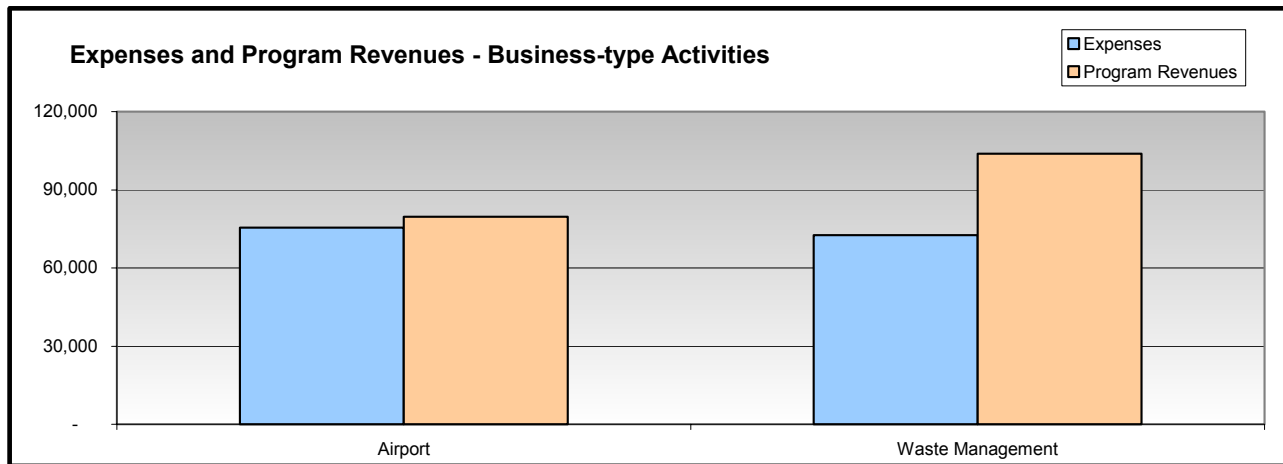


### Business-type Activities

**Revenues:** The County has two business-type activities: Airport and Waste Management. At June 30, 2002, the total revenues for the business-type activities were \$199,487. In keeping with the intent of recovering all or a significant portion of their costs through user fees and charges, business-type activities reported Charges for Services as their largest source of revenues. Operating Grants and Contributions as well as Capital Grants and Contributions were the other revenue sources for the business-type activities. Operating Grants and Contributions include interest income that is restricted for Airport or Waste Management activities. Capital Grants and Contributions include revenues received from the Federal Aviation Administration (FAA) for use in airport construction projects. Other factors concerning the finances of the County's two enterprise funds are discussed in the Proprietary Funds section of the "Financial Analysis of the County's Funds."

**Expenses:** At the end of FY 2001-02, the business-type activities reported total expenses including transfers to the governmental activities of \$167,704. The program revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) financed all the expenses recorded for the business-type activities. Other factors concerning the finances of the County's two enterprise funds are discussed in the Proprietary Funds section of the "Financial Analysis of the County's Funds."

The following chart shows expenses by function and the associated program revenues for the business-type activities.



The following table provides summarized information from the Statement of Activities:

COUNTY OF ORANGE CHANGES IN NET ASSETS (In Thousands)			
	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 388,128	\$ 180,382	\$ 568,510
Operating Grants/Contributions	1,438,646	1,637	1,440,283
Capital Grants/Contributions	44,185	1,610	45,795
General Revenues:			
Property Taxes	292,894	--	292,894
Other Taxes	7,917	--	7,917
Grants/Contributions not Restricted to Specific Programs	58,614	--	58,614
Other General Revenues	258,039	15,858	273,897
<b>Total Revenues</b>	<b>2,488,423</b>	<b>199,487</b>	<b>2,687,910</b>
<b>Expenses</b>			
General Government	182,237	--	182,237
Public Protection	863,159	--	863,159
Public Ways and Facilities	82,893	--	82,893
Health and Sanitation	430,954	--	430,954
Public Assistance	718,016	--	718,016
Education	28,583	--	28,583
Recreation and Cultural Services	70,875	--	70,875
Interest on Long-Term Debt	125,664	--	125,664
Airport	--	75,446	75,446
Waste Management	--	72,652	72,652
<b>Total Expenses</b>	<b>2,502,381</b>	<b>148,098</b>	<b>2,650,479</b>
Excess (Deficit) before Transfers	(13,958)	51,389	37,431
Transfers	19,606	(19,606)	--
<b>Increase in Net Assets</b>	<b>5,648</b>	<b>31,783</b>	<b>37,431</b>
<b>Net Assets – Beginning of the Year, as restated</b>	<b>2,160,491</b>	<b>491,618</b>	<b>2,652,109</b>
<b>Net Assets – End of the Year</b>	<b>\$ 2,166,139</b>	<b>\$ 523,401</b>	<b>\$ 2,689,540</b>

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

The County uses fund accounting to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

### **Governmental Funds**

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

At June 30, 2002, the County's governmental funds reported total fund balances of \$1,719,142, with a net increase in fund balances of \$2,687. Of the total fund balances for the governmental funds, \$647,583 (38%) constitutes *unreserved fund balances*. This amount is available for spending at the discretion of the County's Board of Supervisors in order to achieve the established function of the respective funds. Other than the General Fund, all other County funds are restricted for the particular purpose that each fund was established for. For example, special revenue funds have either legal or operational requirements to restrict expenditures for specified purposes, and debt service funds are restricted for payment of principal and interest on general long-term debt. Commitments by the County related to executory contracts for goods or services are recorded and established as reservations of fund balances in the governmental funds.

Significant unreserved fund balances were noted for the following funds: General Fund; Roads; Tobacco Settlement; Refunding and Recovery Certificates of Participation and Debt Prepayment; Flood Control District; and the aggregate Other Governmental Funds. A significant amount of these unreserved fund balances (approximately \$263,500) is designated by the Board of Supervisors for the following uses in the next fiscal year and are deemed to be restrictions, commitments, or limitations which affect the availability of fund resources in the next fiscal year:

<u>Funds</u>	<u>Planned Uses of Unreserved Fund Balances</u>
General Fund	- Construction of various Americans with Disabilities Act retrofits and deferred maintenance projects at various County facilities and increased funding for technology.
Roads	- Major projects include the Glassell Street Bridge sidewalk, the Aliso Creek Road Deletion Mitigation, and the Tustin Avenue at Orangethorpe project.
Tobacco Settlement	- Health care priorities including health care services for seniors and persons with disabilities, tobacco-related disease prevention and control, and a drug/alcohol rehabilitation program at Theo Lacy Jail.
Refunding and Recovery Certificates of Participation (COPs) and Debt Prepayment	- Bond redemption when the financial market is favorable for debt reduction and bond reserves to meet future debt service payments.
Flood Control District	- Property acquisition related to the Prado Dam and the Santa Ana River Mainstem Project.
Other Governmental	- Future strategic priorities including affordable housing initiatives, additional 800 MHz communication system sites to improve reception throughout the County by emergency response agencies, and Building B construction at the Theo Lacy Jail as outlined in the Strategic Financial Plan. These are subject to change pending annual updates to the Plan.

The remaining fund balances is *reserved*. Reserved fund balances primarily represent assets that are not available for spending or assets that are not yet available for expenditure due to restrictions imposed by parties outside the County. Note 13 of this report provides a complete list of the reserved fund balances which are titled "Assets Not Available for Appropriations", as well as Board reserves which are titled "Fund Balances Reserved by Board of Supervisors for a Future Purpose."

#### Analysis of Significant Changes in Fund Balances

The following schedule presents a summary of revenues and other financing sources, expenditures and other financing uses, and the net increase in fund balances for each of the major governmental funds for the fiscal year ended June 30, 2002.

Major Governmental Fund	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Net Increase in Fund Balances
General Fund	\$ 2,028,811	\$ 1,999,718	\$ 29,093
Roads	54,761	44,759	10,002
Public Library	30,848	28,741	2,107
Tobacco Settlement	36,913	26,884	10,029
Refunding & Recovery COPs and Debt Prepayment	286,483	85,655	200,828
Flood Control District	233,567	79,106	154,461
Harbors, Beaches, and Parks	67,785	63,810	3,975
Total	<u>\$ 2,739,168</u>	<u>\$ 2,328,673</u>	<u>\$ 410,495</u>

#### General Fund

The General Fund is the chief operating fund of the County. At the end of FY 2001-02, unreserved fund balances of the General Fund were \$155,255, with a net increase in fund balances of \$29,093. The following is a brief summary of the primary factors which contributed to the net increase in fund balances for the General Fund in FY 2001-02:

- A \$3,834 increase in revenues from recording fees in the Clerk-Recorder's Office due to the continued all-time low housing interest rates which resulted in an increased number of home purchases and refinancing of mortgage loans.
- A decrease in retirement rates in FY 2001-02 for employees in the Safety category resulting in a \$9,282 decrease in expenses related to retirement. Examples of employees in the Safety category include Sheriffs, Probation Officers, and District Attorney Investigators.
- An increase of \$14,068 in motor vehicle licensing fee revenues resulting from strong automobile sales throughout the State despite the slowing economy. This can be attributed to the continued 0% financing and rebate incentives offered by the automotive industry.
- An increase of \$10,375 in General Fund revenues primarily due to Teeter net proceeds that are now being reverted to the General Fund; in past years, the Teeter net proceeds have been used for the Recovery Certificates of Participation Lease financing.

#### Roads

This fund accounts for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. At the end of FY 2001-02, unreserved fund balances in the Roads Fund were \$23,778, with a net increase in fund balances of \$10,002. The net increase in fund balances for the Roads Fund in FY 2001-02 can be primarily



attributed to an increase of \$10,335 in state revenues received for projects associated with the AB 2928 program. AB 2928 was signed into law on July 6, 2000 and provides funding for capital and preservation transportation projects as part of the Governor's Traffic Congestion Relief Plan.

#### Public Library

This fund accounts for library services for the unincorporated areas as well as some of the incorporated areas within the County. At the end of FY 2001-02, unreserved fund balances in the Public Library Fund were \$3,018, with a net increase in fund balances of \$2,107. The primary factors attributable to the net increase in fund balances for the Public Library Fund in FY 2001-02 are the increased property tax revenues resulting from assessed valuation increases and a decrease in expenditures for library materials.

#### Tobacco Settlement

This fund accounts for tobacco settlement monies allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories. Approval of the Master Settlement Agreement on behalf of California by the San Diego Superior Court occurred December 1998. On November 7, 2000, Orange County voters passed Measure H requiring the County to utilize its share of the national tobacco litigation settlement revenues as follows: 80% for specified health care services and 20% for public safety.

At the end of FY 2001-02, unreserved fund balances in the Tobacco Settlement Fund were \$20,595, with a net increase in fund balances of \$10,029. The net increase in fund balances can be primarily attributed to an increase in the amount of tobacco settlement revenues received in FY 2001-02 compared to the prior year. This increase is due to the release by the trustee of some escrowed funds which were in turn distributed to the states and territories involved in the Master Settlement Agreement.

#### Refunding and Recovery Certificates of Participation and Debt Prepayment

This fund accounts for the debt service transactions handled by the trustee bank for the Orange County Refunding Recovery Bonds and the 1996 Recovery Certificates of Participation. This fund also accounts for early debt reduction of the County's outstanding bonds. At the end of FY 2001-02, unreserved fund balances in the Refunding and Recovery Certificates of Participation and Debt Prepayment Fund were \$58,417, with a net increase in fund balances of \$200,828. The large net increase in fund balances can be primarily attributed to the reclassification of the beginning fund balances of similar purpose funds that are consolidated into this major fund.

#### Flood Control District

This fund accounts for the planning, construction, and operation of flood control and water conservation works, such as dams, basins and trunk channels, and for the retardation, conservation and controlled discharge of storm waters. At the end of FY 2001-02, unreserved fund balances in the Flood Control District Fund were \$68,028, with a net increase in fund balances of \$154,461. The following is a brief summary of the primary factors attributable to the net increase in fund balances in the Flood Control District Fund in FY 2001-02:

- A \$3,142 increase in property tax revenues due to assessed valuation increases.
- The reclassification of the beginning fund balances of similar purpose funds that were consolidated for major fund reporting.

### Harbors, Beaches, and Parks

This fund accounts for the development of aquatic recreational facilities and the acquisition, operation and maintenance of County beaches, inland regional park recreational facilities and community park sites in the unincorporated areas. At the end of FY 2001-02, unreserved fund balances in the Harbors, Beaches, and Parks Fund were \$5,582, with a net increase in fund balances of \$3,975. The following is a brief summary of the primary factors attributable to the net increase in fund balances in the Harbors, Beaches, and Parks Fund in FY 2001-02:

- A \$6,658 increase in revenues from rents and concessions, offset by an increase of \$5,689 in expenditures, as a result of new operating agreements signed with the Dana Point Harbor operating managers.
- A \$2,336 increase in property tax revenues due to assessed valuation increases.

### **Proprietary Funds**

As mentioned earlier, the proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Airport and Waste Management operations, both of which are considered to be major funds of the County. Conversely, the Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements with the individual fund data provided in combining statements, which can be found in the Supplemental Information section of this report.

### Analysis of Significant Changes in Fund Net Assets

The following schedule presents a summary of revenues and contributions, expenses and transfers, and the increase in net assets for each of the major proprietary funds for the fiscal year ended June 30, 2002.

Major Proprietary Fund	Revenues and Contributions	Expenses and Transfers	Increase in Net Assets
Airport	\$ 82,782	\$ 77,549	\$ 5,233
Waste Management	115,873	84,951	30,922
Total	<u>\$ 198,655</u>	<u>\$ 162,500</u>	<u>\$ 36,155</u>

### Airport

This group of funds accounts for major construction and self-supporting aviation-related activities rendered at John Wayne Airport (JWA), Orange County. At the end of FY 2001-02, unrestricted net assets for the Airport were \$51,823, with an increase in net assets of \$5,233. The following is a brief summary of the primary factors attributable to the increase in net assets for the Airport in FY 2001-02:

- A \$3,886 increase in rents and concessions revenues due to new fees for additional security charged to the airlines.
- A \$1,197 increase in parking revenue resulting from increased parking rates beginning April 1, 2002.

### Waste Management

This group of funds is used to account for the operation, expansion, and closing of existing landfills and the opening of new landfills. Monies are collected through gate tipping fees, which users pay based primarily on tonnage. At the end of FY 2001-02, unrestricted net assets for Waste Management were \$51,652, with an increase in net assets of \$30,922. The following is a brief

summary of the primary factors attributable to the increase in net assets for Waste Management in FY 2001-02:

- A \$3,276 increase in charges for services due to an increase in the amount of tonnage of solid waste disposed at the landfills.
- A \$3,255 decrease in landfill site closure/postclosure costs due to a decrease in the percentage used to calculate these costs. This percentage is based on the landfill capacity used at the end of the fiscal year. Because of a recent engineering survey conducted which increased the overall capacity of the Frank R. Bowerman Landfill, the percentage of the landfill capacity used at the end of the fiscal year was lower compared to that used in FY 2000-01.
- A decrease of \$11,836 in other charges was partially offset by an increase of \$8,704 in services and supplies expenses due to the reclassification of balances this fiscal year to more accurately reflect the nature of the specific transactions.
- A \$3,351 decrease in contributions to the City of Brea for mitigation projects related to the Olinda Alpha Landfill.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

This section provides a summary of the primary factors involved in the variances between: 1) the Original Budget and the Final Amended Budget; and 2) the Final Amended Budget and the Actual Amounts for the General Fund. Refer to the Budgetary Comparison Statement for details on this budgetary comparison.

For the most part, the revenue variances noted in the Final Amended Budget vs. Actual Amounts section of this analysis will not significantly affect future services or liquidity in and of themselves in the near future (one to two years). There are a few variances including shortfalls in Public Safety Sales Tax Revenues and the California Work Opportunity and Responsibility to Kids (CalWORKs) Program that are a concern. If they continue and are combined with other factors such as a slowing economy, continued State budget shortfalls, and increasing County costs such as retirement and health insurance, future services could be affected. The County's Strategic Financial Planning process is designed to identify long-range resources and requirements and recommend early actions necessary to keep these resources in balance.

### **Original Budget vs. Final Amended Budget**

#### **Revenue Variances**

*The following provides a summary of the primary factors that caused the \$44,524 increase in the General Fund final amended budget revenues compared to the original budget revenues:*

#### **Intergovernmental Revenues:**

- A \$5,889 increase in budgeted revenues in the CalWORKs program due to the increase in actual caseloads and the increased cost per case resulting from the continued economic downturn during FY 2001-02. The CalWORKs program provides cash benefits for the care of needy children when one or both parents are absent, disabled, deceased or unemployed, and is funded primarily by the state and federal government.
- An increase of \$3,059 in State revenues due to Probation's participation in the State's AB 1913 and Challenge I grant programs. AB 1913 provides funding for a series of crime prevention and intervention programs for youth, including juvenile crime diversion and gang prevention programs, expansion of gender-specific programs for female offenders, community gang prevention services, and operations of stay-in-school programs.
- A \$2,447 increase in budgeted revenues in the Watershed Management Program due to the increase in the expected National Pollutant Discharge Elimination System (NPDES) revenue from municipal participants. This increase results from the more stringent requirements of the renewed San Diego and Santa Ana Board Water Quality permits. The NPDES permit program controls water pollution by regulating point sources that discharge pollutants into waters of the United States.

- An increase of \$2,009 in State revenues resulting from the revision of funding for Mobile Data Computers in Sheriff-Coroner Communications from a nonmajor governmental fund to State funding for high technology equipment in the General Fund.
- An increase of \$1,716 due to the addition of water quality improvement projects to the Watershed Management Program's budget, which is reimbursed by the State. The improvement projects include the Lower Talbert Santa Ana River Project and the Greenville Banning Project.
- A \$1,467 increase in revenues in Capital Projects to accomplish energy savings and efficiency projects at various County facilities which are reimbursed by the California Energy Commission and include lighting retrofits, motion sensors, and replacement of high energy using motors and other equipment with energy efficient units.
- A \$1,217 increase in revenues in AFDC – Foster Care due to higher than originally budgeted actual caseload trends and cost per case.
- An increase of \$1,145 in the Health Care Agency's (HCA's) Master Medical Services for Indigents (MSI) Agreement for FY 2001-02. The MSI program uses a Master Medical Services Agreement to contract with local hospitals to provide medical care for indigents.

### **Expenditure Appropriation Variances**

*The following provides a summary of the primary factors that caused the \$44,853 increase in the General Fund final amended budget expenditures compared to the original budget expenditures:*

#### **Recovery Certificates of Participation Lease Financing:**

- The increase of \$3,006 is primarily due to increased transfers to the Recovery Plan of Adjustment Available Cash Fund resulting from higher than expected revenues for imported solid waste.

#### **District Attorney:**

- An increase of \$2,409 in the Family Support Division's budget to reflect the State's final funding allocation and for the Non-Custodial Parent Program (NCP) – One Stop as requested by the Community Services Agency. In addition, there was an increase in the Criminal Division's budget for the federally-funded Juvenile Offender/Accountability grant program.

#### **Probation:**

- A \$2,793 increase resulting from appropriations added to regular salaries to cover an under-funding of cost of living adjustments (2.25% assumed versus 4% actual) that were negotiated for FY 2001-02 subsequent to budget approval. In addition, several positions were added as a result of the opening of the new Youth and Family Resource Center (YFRC) in Central/South Orange County on January 1, 2002 along with the mid-year implementation of the Asset Management Program and Preventive Maintenance Program.
- A \$1,215 increase due to additional workers' compensation funding associated with the mid-year implementation of the Asset Management Program and Preventive Maintenance Program.

#### **Sheriff-Coroner:**

- An increase of \$2,650 to accommodate the annual transfer of excess Public Safety Sales Tax Revenue to the County Public Safety Sales Tax Excess Revenue Fund as well as the need for increased security required at John Wayne Airport after the events of September 11, 2001.

#### **Health Care Agency:**

- An increase of \$4,182 related to positions added during FY 01-02 for various Health Care Agency programs as follows: Proposition 10 Children and Families Commission-funded programs, HIV/AIDS Prevention, Public Health Field Nursing Services, Alcohol and Drug Abuse Services, Substance Abuse and Mental Health Services Administration, and Nutrition Services.
- A \$5,586 increase in appropriations for Tobacco Settlement funded programs as outlined in the Tobacco Settlement Spending Plan approved by the Board of Supervisors on August 14, 2001. In addition, the increase can also be attributed to a one-time Emergency Medical Services Appropriation (EMSA) to provide partial reimbursement for uncompensated emergency services by physicians to the indigent population in FY 2001-02.

#### Watershed Management Program:

- An increase of \$5,263 in capital outlay expenditures for water quality improvement projects to this program's budget which is to be reimbursed by the State. The projects include the Lower Talbert Santa Ana River Project and the Greenville Banning Project.
- An increase of \$3,803 due to an increase in the NPDES consulting contracts expenditures as a result of more stringent requirements of the renewed San Diego and Santa Ana Board Water Quality permits.
- These increases were offset by a \$3,202 decrease in contributions to the Corp of Engineers (COE) for analysis studies related to watershed projects.

#### California Work Opportunity and Responsibility to Kids:

The increase of \$6,309 is due to higher than originally budgeted actual caseloads for this assistance budget due to the economic downturn during FY 2001-02, and a change in the proposed cost of living adjustment provided in the November subvention of the State budget.

### **Final Amended Budget vs. Actual Amounts**

#### Revenue Variances

*The following information provides a summary of the primary factors attributable to the \$74,328 negative variance in the General Fund actual revenues as compared to the final amended budget revenues:*

#### Intergovernmental Revenues:

- A \$44,985 negative variance caused by unspent budgeted appropriations for expenditure-driven grants in the Social Services Agency that resulted in a corresponding reduction in the associated state and federal revenues.
- A \$6,493 negative variance caused by NPDES revenues from municipalities that were not received as anticipated in the Watershed Management Program.
- A \$21,255 negative variance due to lower than anticipated Proposition 172 Public Safety Sales Tax revenues received by the District Attorney and Sheriff-Coroner resulting from the sluggish economy during FY 2001-02.
- A \$5,305 negative variance caused by unspent budgeted appropriations for expenditure-driven grants in the District Attorney's Family Support Division resulting in a corresponding reduction in associated federal revenues.
- These negative variances were partially offset by:
  - A \$21,868 positive variance in State motor vehicle tax revenues due to stronger than anticipated vehicle sales which can be attributed to the 0% financing and rebate incentives offered during FY 2001-02.
  - A \$9,592 positive variance because Teeter Property Tax Plan net proceeds, which were previously used to repay bankruptcy debt, reverted to the General Fund.
  - A positive variance of \$9,499 due to an increase in HCA's realignment revenues as a result of higher than expected growth from the prior fiscal year.

#### Charges for Services:

- A \$5,768 negative variance in the Public Facilities and Resources Department which was caused by a decrease in the total expenditures incurred by the department's Operating Division, and an associated decrease in revenues for charges for services related to those expenditures.
- A \$2,338 negative variance in the Watershed Management Program caused by lower than anticipated reimbursements from Road, Flood, and Harbors, Beaches, and Parks services provided.

#### Other Revenues:

- A \$13,799 negative variance in the CalWORKs program caused by the State's shifting of funds between federal and state sources as needed at the State level to meet the State's required maintenance of effort for CalWORKs/Temporary Assistance to Needy Families (TANF) block grant.

- A \$5,610 negative variance in the Miscellaneous Agency caused by lower than anticipated reimbursement from the County Retirement Holding Fund resulting from lower retirement rates and debt service savings from the defeasance of Pension Obligation Bonds.
- A \$3,572 negative variance in HCA due to less than anticipated receipt of Tobacco Settlement Revenues (TSR) resulting from the delay in the construction of a TSR-funded water quality testing laboratory in Newport Beach.

#### Transfers In:

- A negative variance of \$13,563 in HCA due to under-expenditures in TSR-funded projects and delays in the new Animal Shelter development.
- A \$9,890 negative variance in Sheriff-Coroner because budgeted transfers from the County Public Safety Sales Tax Excess Revenue Fund to this agency were not needed, and instead were made directly to the Sheriff-Coroner Construction and Facilities Development Fund.
- A negative variance of \$8,401 in Capital Projects due to delays in the completion of deferred maintenance projects and American with Disabilities Act (ADA) compliant projects resulting in deferred or delayed transfers from the Designated Special Revenue Fund to finance the projects.
- These negative variances were partially offset by the following:
  - A positive variance of \$9,621 in the Watershed Management Program due to a transfer from the Flood Control District Fund made to fund the Watershed Management Program projects.
  - A positive variance of \$6,181 in Capital Acquisition Financing due to the reclassification of debt service payments as Transfers In.
  - A positive variance of \$2,544 due to the reclassification of balances in other revenue line items to Transfers In to more accurately reflect the nature of the specific transactions.
  - A positive variance of \$2,636 due to the reclassification of redirected interest revenue as Transfers In to comply with the requirements of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

#### Expenditure Variances

*The following provides a summary of the primary factors attributable to the \$290,601 positive variance in General Fund actual expenditures as compared to the final amended budget expenditures:*

#### Capital Projects:

- A \$29,576 positive variance due to delays in capital projects, including two Probation Department projects—Rancho Potrero Leadership Academy and the related Joplin Youth Center Expansion Mitigation, as well as the Central Justice Center upgrades, which were all rebudgeted in FY 2002-03 to allow for completion.
- A \$4,362 positive variance due to delays in the completion of maintenance projects in the Sheriff's Department and the Probation Department (projects at Los Pinos Conservation Camp and Joplin Youth Center), which were rebudgeted in FY 2002-03.

#### County Executive Office:

- A \$2,750 positive variance due to the reduction, redirection, or cancellation of various programs and projects within the County Executive Office. Activities and priorities within the County Executive Office are primarily in support of the Board of Supervisors.

#### Data Systems Development Projects:

- A \$3,782 positive variance due to deferrals of budgeted data systems development projects to the following fiscal year.

#### Miscellaneous:

- A positive variance of \$27,592 because there were no unexpected expenditures related to legal defense and settlement involving the County which are budgeted in this Agency and are not anticipated to be spent unless the need arises.
- A \$6,795 positive variance because excess budgeted appropriations in this agency to cover new or unanticipated costs in various County departments did not materialize in FY 2001-02.

Provision for Contingencies:

- The positive variance is due to the absence of critical or unforeseen expenses in the County in FY 2001-02. This agency in the General Fund provides for unexpected expenditures that result from natural catastrophes, a severe economic downturn, or other disasters.

District Attorney:

- A positive variance of \$6,396 occurred because the State's final funding allocation for the Family Support Division in FY 2001-02 was based on the prior year which included appropriations for items not needed in the current fiscal year and because the Criminal Division deferred all nonessential expenditures due to the Public Safety Sales Tax revenue shortfall.
- A \$6,308 positive variance due to unspent appropriations for professional services because the Probation Department claimed reimbursement of services related to the child support program directly to the State instead of transferring costs to the Family Support Division.

Probation:

- A positive variance of \$2,430 in professional services expenditures as a result of the lower than anticipated number of minors detained at the County's expense in the Santa Ana City Jail.

Sheriff-Coroner:

- A positive variance of \$14,725 due to the following: lower retirement rates and vacant positions; lower than anticipated expenditures for professional services and transportation and travel; lower than anticipated expenditures for equipment maintenance resulting from work performed by an in-house technician; and the deferral of some capital projects.

Sheriff-Coroner Communications:

- A \$3,727 positive variance occurred because the purchase of additional mobile data computer equipment was delayed.
- A \$1,049 positive variance due to additional intrafund transfers of repair costs associated with the Sound, Video, and Security System to other agencies within the General Fund.

Public Facilities and Resources Department:

- A positive variance of \$7,355 resulting from a reclassification of direct billing reimbursements (a revenue line item) to services and supplies reimbursements (an expenditure offset item).
- A \$2,251 positive variance due to a reduction in the Agricultural Commissioner's Red Imported Fire Ant program costs as well as the department's overall reduction in spending on professional service contracts during FY 2001-02.
- A \$1,263 positive variance due to lower than anticipated expenditures for vehicle and equipment usage.

Health Care Agency:

- A positive variance of \$28,872 due to delayed expenditures in TSR-funded projects and Behavioral Health Service contracts.
- A \$4,795 positive variance because payments for support and care associated with the California Children Services was taken over by the State Electronic Data System. The State will in turn bill the County its share at a later date.
- These positive variances were partially offset by a \$20,152 negative variance due primarily to a budgeting technique used by HCA to allocate administrative costs to the different service areas of the agency. At this time, HCA is exploring a different methodology for allocating these administrative costs to the agency's four service areas to preclude a negative variance in the future.

#### Watershed Management Program:

- A \$8,404 positive variance due to the following: lower than anticipated expenditures for the NPDES program; contributions to the COE for studies related to watershed projects were less than anticipated; and only two of many budgeted capital projects were actually started.

#### Social Services Agency:

- A \$28,048 positive variance due to less than anticipated spending on professional services contracts resulting from delays in the start-up of new and expanded programs. In addition, there was a \$5,708 positive variance due to less than anticipated spending of budgeted CalWORKs child care costs.
- A positive variance of \$7,726 because budgeted appropriations for equipment and office expense were deferred as a result of the delay in the move of the Children and Family Services unit to a new facility as well as a reevaluation of the need for the purchase of such equipment.
- A \$5,550 positive variance due to the deferral of one-time capital projects resulting in additional cost savings.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2002, the County's capital assets for both the governmental and business-type activities amounted to \$2,265,641 net of accumulated depreciation. The investment in capital assets includes land, construction in progress, structures and improvements, equipment, and infrastructure (roads, bridges, flood channels, trails, traffic signals, and harbors). The following lists the significant expenditures for capital assets in FY 2001-02:

- \$2,224 in the Watershed Management Program for the installation of rubber dams and pump stations along the Greenville Banning Channel and the Lower Talbert Santa Ana River Channel as part of water quality improvement projects.
- \$5,471 for the repair and replacement of heating, ventilation and air-conditioning units at the Probation Department's Youth Guidance Center and at the Central Justice Center. In addition, there were expenditures made for ADA projects at the Central Justice Center and various County facilities.
- \$2,172 for the enlargement and expansion of the Jury Assembly Room at the Central Justice Center.
- \$1,696 for the lease purchase of replacement computer workstations in the Children and Family Services program.
- \$7,131 for the installation of a new pump station within the Rossmoor Retarding Basin so that incoming flows to the Rossmoor Storm Channel are pumped to the San Gabriel River.
- \$14,520 for improvements to several existing flood channels to increase their capacity, provide immediate flood protection, and to comply with the Federal Emergency Management Agency's 100 year flood plain study.
- \$4,726 for land and property purchases in conjunction with the Santa Ana River Mainstem Project.
- \$4,906 for the construction of the Coroner Training Facility and Building A Phase 2 of the Theo Lacy Jail Expansion.
- \$7,135 for street improvements on Laguna Hills Drive and Pacific Park Drive in Aliso Viejo.



- \$15,105 for various off-site transportation projects in the new community of Ladera Ranch including grading, widening, and lengthening of major roadways such as Crown Valley Parkway and Antonio Parkway. Also, there were expenditures made for the construction of a Sports Park in this community.
- \$1,028 for the remodeling and refurbishing of vacated space in the Central Justice Center for court technology services use.
- \$2,883 for costs associated with the 800-MHz Countywide Coordinated Communications System.

Additional information on the County's capital assets can be found in Note 5 of this report.

Commitments for Capital Expenditures. At the end of FY 2001-02, significant commitments for capital expenditures include the following:

- \$14,582 for flood control channel projects.
- \$8,704 for the construction of the Coroner Training Facility.
- \$28,463 for the Theo Lacy Jail Construction.
- \$11,527 for Airport projects.

Additional information on the County's commitments for capital expenditures can be found in Note 15 of this report.

### Long-Term Debt

The amount of general obligation bonded indebtedness the County can incur is limited by law to 1.25 percent of the last equalized property tax roll. This limitation does not affect the financing of any of the County's planned facilities or services. At June 30, 2002, the County had no net general obligation bonded debt.

The table below lists the County's outstanding bonds at June 30, 2002:

	Governmental Activities	Business-type Activities	Total
Revenue bonds	\$ 296,747	\$ 239,486	\$ 536,233
Certificates of participation	673,934	--	673,934
Pension obligation bonds	134,612	--	134,612
Recovery bonds	247,455	--	247,455
Total outstanding bonds	<u>\$ 1,352,748</u>	<u>\$ 239,486</u>	<u>\$ 1,592,234</u>

The following summarizes the County's long term debt activity during FY 2001-02:

- Teeter Plan Revenue Bond Remarketing. In October 2001, \$800 of the Series A Bonds were retired, reducing the outstanding 1995 Series Bonds to \$124,425. In addition, the \$34,000 Series E Bonds underwent a mandatory tender on November 1, 2001, and were remarketed and converted to variable rate bonds.
- Tax Allocation Refunding Bonds, Series 2001 (Neighborhood Development and Preservation). In July 2001, OCDA issued \$26,160 Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project) Series 2001 at a premium of \$327. The bonds are special obligations of the Agency and are payable exclusively from tax revenues for the Neighborhood Development and Preservation Project Area and from amounts on deposit in certain funds and accounts established under the indenture. As of June 30, 2002, the outstanding principal amount of these bonds was \$26,487.

- Lease Revenue Refunding Bonds, Series 2002 (Juvenile Justice Center Facility). In May 2002, the Orange County Public Financing Authority issued the Juvenile Justice Center Facility Lease Revenue Refunding Bonds Series 2002, in the principal amount of \$80,285 with a premium of \$3,164. The bonds are limited obligations of the Authority payable solely from base rental payments to be made by the County pursuant to a lease between the Authority and the County dated as of April 1, 2002 and other amounts held by the trustee in the funds and accounts established under the Indenture, except otherwise provided. As of June 30, 2002, the outstanding principal amount of the Juvenile Justice Center Facility Lease Revenue Refunding Bonds Series 2002 was \$83,449.

Additional information on the County's long-term debt activity can be found in Note 10 of this report.

### **Bond Ratings**

The County currently maintains issuer ratings of Aa2 from Moody's Investors Service and A+ from Standard & Poor's (S&P). The most significant change in the County's ratings in fiscal year 2001-02 was an issuer rating upgrade from A to A+ from S&P on April 9, 2002. The rating report cited the County's continued prudent fiscal management, evidenced by a strong fiscal position and disciplined adherence to its strategic plan focusing on debt reduction as well as the diversified and healthy local economy as basis for the change.

The County maintains the following long-term debt ratings:

	Moody's	Fitch	Standard and Poor's
Airport Revenue Bonds	Aa3	A+	A
Waste Management Revenue Bonds	A2	A+	--
Pension Obligation Bonds	A2	AA-	A
Recovery Bonds	Aa3	--	--
2002 Lease Revenue Bonds	A1	--	A
2001 Equipment Lease	A2	--	--
1996 Recovery Certificates of Participation	A1	AA-	--
1991 Parking Certificates of Participation	A1	--	--

### **OTHER POTENTIALLY SIGNIFICANT MATTERS**

The County's management has determined that the following are significant matters that have a potential impact on the County's financial position or changes in financial position.

#### **Governmental Activities**

- 2% at 50 Public Safety Retirement for Probation Services Unit: The County Board of Supervisors amended the Personnel and Salary Resolution implementing a 2% at 50 retirement formula and public safety status for Probation Services employees effective June 28, 2002. The initial estimated annual cost of this benefit is \$8,000 and will be partially offset by contributions from the affected employees. Costs of this benefit will be included in the County's 2003 Strategic Financial Plan.
- Orange County Employee Retirement System (OCERS): OCERS was established in 1945 by the County Board of Supervisors under the provisions of the County Employees' Retirement Law of 1937. It is a cost-sharing, multiple-employer public employee retirement system which provides members with retirement, death, disability and cost-of-living benefits. Refer to Note 19 for additional information on the County's Retirement Plans. Due to the continued economic decline during FY 2001-02, the actuarial estimate of positive earnings for OCERS' investments did not materialize. As a result, it is anticipated that the County's annual required contributions for FY 2002-03 will increase to a total of \$62,306, an increase of \$23,984 from FY 2001-02.

- Rancho Potrero Leadership Academy (RPLA): State construction grant funding was approved for the Probation Department to build a 90 bed juvenile facility in a relatively remote area of Trabuco Canyon on County owned land. The County appropriated an additional \$11,500 in general revenues for this project to meet the match requirement for the construction grant and take other mitigation measures, as necessary, to minimize disruption to the surrounding community and environs. On August 16, 2002, an adverse court ruling was rendered on the adequacy of the RPLA environmental impact report and other associated issues which required an immediate suspension of construction efforts. In response, the Probation Department sought authorization and received encouragement from the California Board of Corrections to retain the original grant funds and relocate the RPLA onto the Juvenile Hall property in Orange. It is anticipated that the need for the funds currently budgeted for the RPLA project will continue, not only for the facility's construction, but also to defray the costs arising from the premature conclusion of the originally planned construction project in Trabuco Canyon.
- State Budget: Preliminary versions of the FY 2002-03 State Budget addressed a large budget shortfall as a result of the economic downturn and declining revenues. This shortfall was closed primarily by spending reductions for certain programs including Medi-Cal, social services, payments to local governments and juvenile justice grant programs. In response to this, the County Executive Officer implemented a hiring freeze in General Fund departments in May 2002 and recommended, during the June 2002 budget hearings, \$57,700 in program reductions in the following County departments: District Attorney, Probation, Community Services Agency, Social Services Agency, Health Care Agency, and Public Library. On September 5, 2002, the Governor signed the final FY 2002-03 State Budget. County departments have analyzed the impact of this final version of the State Budget and accordingly incorporated the changes into the County's 2002-03 First Quarter Budget Report. The First Quarter Budget Report reflects an overall increase of \$32,081 in appropriations and revenues to reconcile to the State's final budget.

On November 14, 2002, the California Legislative Analyst's Office (LAO) issued its "California's Fiscal Outlook, LAO Projections, 2002-03 Through 2007-08" report. The nonpartisan Legislative Analyst projected that California will be facing a \$21,100,000 General Fund deficit by the end of FY 2002-03, absent any corrective actions by the State's legislators.

The report blamed the looming shortfall in large part on the gap between State spending and revenue collections caused by the stock market decline and the corresponding reduction in State tax receipts. The LAO projects that State general fund revenue collections in FY 2002-03 will fall \$4,100,000 short of projections and \$6,500,000 short of projections in FY 2003-04, largely because of projected declines in personal income tax receipts. It is currently not known how the State's projected deficit will ultimately impact the County.

### **Business-type Activities**

- Security Mandates at John Wayne Airport (JWA): The aftermath of the terrorist attacks on September 11, 2001 continues to have an impact on JWA. The airport and the airlines continue to implement new safety and security measures as mandated by the FAA and the Transportation Security Administration (TSA). With respect to security costs resulting from current federal security mandates, JWA anticipates spending \$23,750 through the end of FY 2002-03. This amount includes the recently approved construction project at the terminal which allows JWA to meet the TSA's December 31, 2002 deadline for screening 100% of checked baggage.

### **Requests for Information**

We hope that the preceding information has provided you with a general overview of the County's overall financial status. For questions or comments concerning information contained in this report, please contact the Auditor-Controller's Office, County of Orange, 12 Civic Center Plaza, Santa Ana, CA 92702 or you can access our Web site at <http://www.oc.ca.gov>.